

(Excerpt translation)

**BRIEF STATEMENT OF ACCOUNTS FOR  
THE INTERIM FINANCIAL PERIOD OF  
THE YEAR ENDING MARCH 31, 2007 (CONSOLIDATED)**

November 7, 2006

|   |   |
|---|---|
| Name of the Company:  | MegaChips Corporation<br>(URL <a href="http://www.megachips.co.jp">http://www.megachips.co.jp</a> ) |
| Listing:  | Tokyo Stock Exchange  |
| Code number:  | 6875  |
| Name of prefecture where<br>head office is located:                                 | Osaka   |
| Representative:   | Shigeki Matsuoka<br>President and Representative Director   |
| Person to contact:  | Masayuki Fujii<br>Director and Executive Officer<br>Tel. (06) 6399-2884                             |
| Date of meeting of the Board of<br>Directors for settlement of interim<br>accounts: | November 7, 2006  |
| Parent company:   | -   |
| Rate of shareholdings of the parent<br>company in the Company:                      | - %   |
| Application of US GAAP:   | No.   |

**1. Consolidated business results for the interim financial period ended September 30, 2006 (April 1, 2006 through September 30, 2006):**

(1) Consolidated operating results

(Note) Figures are indicated by discarding fractions of one million yen

|  | Interim financial period ended<br>September 30 |                               | Financial period<br>ended March 31 |
|--|--|-------------------------------|------------------------------------|
|  | 2006   | 2005                          | 2006                               |
| Sales  | ¥18,405 million<br>(51.8%)                     | ¥12,123 million<br>((-)22.6%) | ¥30,721 million                    |
| Operating profit                                   | ¥1,079 million<br>(52.2%)                      | ¥709 million<br>((-)41.0%)    | ¥2,119 million                     |
| Ordinary profit                                    | ¥1,067 million<br>(50.9%)                      | ¥707 million<br>((-)40.5%)    | ¥2,119 million                     |
| Profit for the period                              | ¥531 million<br>(42.2%)                        | ¥374 million<br>((-)40.6%)    | ¥1,321 million                     |
| Profit for the period per share                    | ¥21.49   | ¥15.09                        | ¥50.95                             |
| Fully diluted earnings per<br>share for the period | ¥21.40   | ¥-                            | ¥50.92                             |

(Notes) 1. Investment gain (loss) on equity method:

|  |    |
|--|----|
| Interim financial period ended September 30, 2006: | ¥- |
| Interim financial period ended September 30, 2005: | ¥- |
| Financial period ended March 31, 2006:             | ¥- |

2. Average number of shares outstanding during each period (consolidated):

|  |                   |
|--|-------------------|
| Interim financial period ended September 30, 2006: | 24,756,314 shares |
| Interim financial period ended September 30, 2005: | 24,790,140 shares |
| Financial period ended March 31, 2006:             | 24,772,809 shares |

3. Changes in accounting methods: None.

4. The percentages in the items of sales, operating profit, ordinary profit and profit for the period indicate the rates of increase or decrease from the previous interim financial period.

(2) Consolidated financial condition

|                      | Interim financial period ended<br>September 30 |                 | Financial period<br>ended March 31 |
|----------------------|--|-----------------|------------------------------------|
|                      | 2006   | 2005            | 2006                               |
| Total assets         | ¥27,236 million                                | ¥23,182 million | ¥23,986 million                    |
| Net assets           | ¥16,827 million                                | ¥16,100 million | ¥16,833 million                    |
| Net worth ratio      | 61.8%  | 69.5%           | 70.2%                              |
| Net assets per share | ¥679.54  | ¥650.39         | ¥677.61                            |

(Note) Number of issued shares outstanding at end of each period (consolidated):

|  |                   |
|--|-------------------|
| Interim financial period ended September 30, 2006: | 24,763,797 shares |
| Interim financial period ended September 30, 2005: | 24,755,509 shares |
| Financial period ended March 31, 2006:             | 24,755,227 shares |

(3) Consolidated cash flow condition

|   | Interim financial period ended<br>September 30 |                  | Financial period<br>ended March 31 |
|---|--|------------------|------------------------------------|
|   | 2006   | 2005             | 2006                               |
| Cash flows from operating activities                  | ¥1,134 million                                 | (¥190 million)   | (¥3,471 million)                   |
| Cash flows from investing activities                  | (¥302 million)                                 | (¥1,874 million) | (¥2,014 million)                   |
| Cash flows from financing activities                  | (¥361 million)                                 | ¥2,010 million   | ¥2,009 million                     |
| Cash and cash equivalents at the end<br>of the period | ¥5,135 million                                 | ¥8,028 million   | ¥4,677 million                     |

(4) Matters related to the scope of consolidation and the application of equity method

|   |   |
|---|---|
| Number of consolidated subsidiaries:                                  | 4 |
| Number of non-consolidated subsidiaries subject to the equity method: | 0 |
| Number of affiliated companies subject to the equity method:          | 0 |

(5) Situation of changes in the scope of consolidation and the application of equity method

|   |           |   |
|---|-----------|---|
| Consolidated subsidiaries:              | Included: | 0 |
|   | Excluded: | 0 |
| Companies subject to the equity method: | Included: | 0 |
|   | Excluded: | 0 |

**2. Forecast of consolidated business results for the year ending March 31, 2007 (April 1, 2006 through March 31, 2007):**

|                             | <u>Whole-year period</u> |
|-----------------------------|--------------------------|
| Sales .....                 | ¥41,000 million          |
| Ordinary profit .....       | ¥2,950 million           |
| Profit for the period ..... | ¥1,750 million           |

(Reference) Forecast of profit for the period per share (whole-year period): ¥70.67

- \* The above forecast is made based on the information available to management at the time of publication hereof. The actual results may differ from these projections due to various factors in the future.

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## **CONSOLIDATED FINANCIAL STATEMENTS**

### **1. Consolidated Balance Sheets**

|  | Interim financial period ended September 30, 2006<br>(as at September 30, 2006) |                 | Financial period ended March 31, 2006<br>(as at March 31, 2006) |                 | Interim financial period ended September 30, 2005<br>(as at September 30, 2005) |                 |
|--|---|-----------------|---|-----------------|---|-----------------|
|  | Amount  | Component ratio | Amount  | Component ratio | Amount  | Component ratio |
|  | (thousands of yen)  | (%)             | (thousands of yen)  | (%)             | (thousands of yen)  | (%)             |
| <b><u>ASSETS</u></b>                               |   |                 |   |                 |   |                 |
| <b>I. Current assets</b>                           |   |                 |   |                 |   |                 |
| 1. Cash and deposits.....                          | 5,135,105   |                 | 4,677,766   |                 | 8,028,705   |                 |
| 2. Trade notes and trade accounts receivable ..... | 14,529,812  |                 | 13,786,942  |                 | 9,839,451   |                 |
| 3. Inventories .....                               | 2,889,979   |                 | 970,183   |                 | 583,956   |                 |
| 4. Deferred tax assets .....                       | 198,965   |                 | 189,808   |                 | 180,093   |                 |
| 5. Others .....                                    | 386,850   |                 | 364,037   |                 | 358,170   |                 |
| Allowance for doubtful receivables .               | (1,222)   |                 | (2,466)   |                 | (850)   |                 |
| Total current assets.....                          | 23,139,491  | 85.0            | 19,986,272  | 83.3            | 18,989,528  | 81.9            |
| <b>II. Fixed assets</b>                            |   |                 |   |                 |   |                 |
| 1. Tangible fixed assets                           |   |                 |   |                 |   |                 |
| (1) Buildings .....                                | 86,078  |                 | 92,499  |                 | 97,118  |                 |
| (2) Others .....                                   | 68,560  |                 | 65,024  |                 | 65,776  |                 |
| Total tangible fixed assets.....                   | 154,639   | 0.6             | 157,524   | 0.7             | 162,895   | 0.7             |
| 2. Intangible fixed assets                         |   |                 |   |                 |   |                 |
| (1) Others .....                                   | 199,487   |                 | 164,179   |                 | 143,288   |                 |
| Total intangible fixed assets.....                 | 199,487   | 0.7             | 164,179   | 0.7             | 143,288   | 0.6             |
| 3. Investments and other assets                    |   |                 |   |                 |   |                 |
| (1) Investment securities.....                     | 2,512,309   |                 | 2,605,500   |                 | 2,741,960   |                 |
| (2) Long-term deposit.....                         | 400,000   |                 | 400,000   |                 | 500,000   |                 |
| (3) Deferred tax assets .....                      | 191,081   |                 | 215,233   |                 | 216,764   |                 |
| (4) Others .....                                   | 641,955   |                 | 460,373   |                 | 430,397   |                 |
| Allowance for doubtful receivables .               | (2,317)   |                 | (2,413)   |                 | (2,653)   |                 |
| Total investments and other assets ...             | 3,743,028   | 13.7            | 3,678,694   | 15.3            | 3,886,468   | 16.8            |
| Total fixed assets.....                            | 4,097,154   | 15.0            | 4,000,397   | 16.7            | 4,192,653   | 18.1            |
| TOTAL ASSETS                                       | 27,236,646  | 100.0           | 23,986,669  | 100.0           | 23,182,181  | 100.0           |

|   | Interim financial period ended September 30, 2006<br>(as at September 30, 2006) |                 | Financial period ended March 31, 2006<br>(as at March 31, 2006) |                 | Interim financial period ended September 30, 2005<br>(as at September 30, 2005) |                 |
|---|---|-----------------|---|-----------------|---|-----------------|
|   | Amount  | Component ratio | Amount  | Component ratio | Amount  | Component ratio |
|   | (thousands of yen)  | (%)             | (thousands of yen)  | (%)             | (thousands of yen)  | (%)             |
| <b><u>LIABILITIES</u></b>                                   |   |                 |   |                 |   |                 |
| <b>I. Current liabilities</b>                               |   |                 |   |                 |   |                 |
| 1. Trade accounts payable .....                             | 6,100,253   |                 | 3,046,294   |                 | 3,309,802   |                 |
| 2. Short-term loans payable .....                           | 3,019,999   |                 | 3,000,000   |                 | 3,000,000   |                 |
| 3. Accrued corporate income taxes ...                       | 518,336   |                 | 535,410   |                 | 241,749   |                 |
| 4. Allowance for bonuses .....                              | 193,456   |                 | 171,594   |                 | 166,141   |                 |
| 5. Allowance for officers' bonuses ....                     | 32,502  |                 | -   |                 | -   |                 |
| 6. Others .....   | 499,327   |                 | 358,847   |                 | 321,930   |                 |
| Total current liabilities .....                             | 10,363,875  | 38.0            | 7,112,147   | 29.6            | 7,039,623   | 30.3            |
| <b>II. Fixed liabilities</b>                                |   |                 |   |                 |   |                 |
| 1. Others .....   | 44,792  |                 | 40,591  |                 | 41,740  |                 |
| Total fixed liabilities .....                               | 44,792  | 0.2             | 40,591  | 0.2             | 41,740  | 0.2             |
| <b>TOTAL LIABILITIES</b>                                    | <b>10,408,668</b>   | <b>38.2</b>     | <b>7,152,738</b>  | <b>29.8</b>     | <b>7,081,363</b>  | <b>30.5</b>     |
| <b><u>SHAREHOLDERS' EQUITY</u></b>                          |   |                 |   |                 |   |                 |
| <b>I. Capital</b> .....                                     | -   | -               | 4,840,313   | 20.2            | 4,840,313   | 20.9            |
| <b>II. Additional paid-in capital</b> .....                 | -   | -               | 6,181,300   | 25.8            | 6,181,300   | 26.7            |
| <b>III. Retained earnings</b> .....                         | -   | -               | 7,441,028   | 31.0            | 6,493,425   | 28.0            |
| <b>IV. Revaluation difference of other securities</b> ..... | -   | -               | 158,728   | 0.7             | 438,894   | 1.9             |
| <b>V. Foreign exchange translation adjustment</b> .....     | -   | -               | 130,432   | 0.5             | 64,251  | 0.3             |
| <b>VI. Treasury stock</b> .....                             | -   | -               | (1,917,871)   | (8.0)           | (1,917,367)   | (8.3)           |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>                           | <b>-</b>  | <b>-</b>        | <b>16,833,931</b>   | <b>70.2</b>     | <b>16,100,817</b>   | <b>69.5</b>     |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>           | <b>-</b>  | <b>-</b>        | <b>23,986,669</b>   | <b>100.0</b>    | <b>23,182,181</b>   | <b>100.0</b>    |
| <b><u>NET ASSETS</u></b>                                    |   |                 |   |                 |   |                 |
| <b>I. Shareholders' equity</b> .....                        |   |                 |   |                 |   |                 |
| 1. Capital.....   | 4,840,313   | 17.8            | -   | -               | -   | -               |
| 2. Additional paid-in capital .....                         | 6,181,300   | 22.7            | -   | -               | -   | -               |
| 3. Retained earnings .....                                  | 7,514,455   | 27.6            | -   | -               | -   | -               |
| 4. Treasury stock .....                                     | (1,904,005)   | (7.0)           | -   | -               | -   | -               |
| Total Shareholders' equity                                  | 16,632,063  | 61.1            | -   | -               | -   | -               |
| <b>II. Revaluation and exchange differences, etc.</b>       |   |                 |   |                 |   |                 |
| 1. Revaluation difference of other securities .....         | 107,052   | 0.4             | -   | -               | -   | -               |
| 2. Foreign exchange translation adjustment .....            | 88,861  | 0.3             | -   | -               | -   | -               |
| Total of revaluation and exchange differences, etc.         | 195,914   | 0.7             | -   | -               | -   | -               |
| <b>TOTAL NET ASSETS</b>                                     | <b>16,827,978</b>   | <b>61.8</b>     | <b>-</b>  | <b>-</b>        | <b>-</b>  | <b>-</b>        |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>                     | <b>27,236,646</b>   | <b>100.0</b>    | <b>-</b>  | <b>-</b>        | <b>-</b>  | <b>-</b>        |

## 2. Consolidated Profit and Loss Statements

|   | Interim financial period ended September 30, 2006<br>(from April 1, 2006 to September 30, 2006) |       | Interim financial period ended September 30, 2005<br>(from April 1, 2005 to September 30, 2005) |       | Financial period ended March 31, 2006<br>(from April 1, 2005 to March 31, 2006) |       |
|---|---|-------|---|-------|---|-------|
|   | Amount<br>(thousands of yen)  | (%)   | Amount<br>(thousands of yen)  | (%)   | Amount<br>(thousands of yen)  | (%)   |
| <b>I. Sales</b>   | 18,405,574  | 100.0 | 12,123,210  | 100.0 | 30,721,884  | 100.0 |
| <b>II. Cost of sales</b>  | 15,381,260  | 83.6  | 9,760,545   | 80.5  | 25,186,585  | 82.0  |
| Gross profit on sales .....   | 3,024,313   | 16.4  | 2,362,665   | 19.5  | 5,535,298   | 18.0  |
| <b>III. Selling, general and administrative expenses</b>            | 1,944,383   | 10.5  | 1,653,212   | 13.7  | 3,415,537   | 11.1  |
| Operating profit .....  | 1,079,930   | 5.9   | 709,453   | 5.8   | 2,119,761   | 6.9   |
| <b>IV. Non-operating profit</b>                                     | 6,101   | 0.0   | 23,099  | 0.2   | 34,114  | 0.1   |
| 1. Interest received.....   | 2,477   |       | 1,732   |       | 4,105   |       |
| 2. Additional refunds of corporate income taxes.....                | 858   |       | 2,592   |       | 2,592   |       |
| 3. Transfer back from allowance for doubtful receivables .....      | 1,340   |       | 970   |       | -   |       |
| 4. Exchange gain.....   | -   |       | 7,391   |       | 14,832  |       |
| 5. Gain from forgiveness of debts.....                              | -   |       | 8,763   |       | 9,015   |       |
| 6. Gain from release from payment of unpaid dividends.....          | 1,072   |       | -   |       | -   |       |
| 7. Miscellaneous income .....                                       | 353   |       | 1,650   |       | 3,567   |       |
| <b>V. Non-operating expenses</b>                                    | 18,692  | 0.1   | 25,146  | 0.2   | 34,681  | 0.1   |
| 1. Interest paid .....  | 6,707   |       | 32  |       | 6,053   |       |
| 2. Loss from disposition of fixed assets .....                      | -   |       | 1,217   |       | -   |       |
| 3. Exchange loss .....  | 4,731   |       | -   |       | -   |       |
| 4. Loss from investments in partnership.....                        | 5,051   |       | 7,601   |       | 9,536   |       |
| 5. Commissions for treasury stock purchases .....                   | -   |       | 3,295   |       | -   |       |
| 6. Payment of penalty sums .....                                    | -   |       | 4,482   |       | 4,743   |       |
| 7. Loss on cancellation of lease agreements.....                    | -   |       | 4,500   |       | 4,500   |       |
| 8. Amortization of consolidation adjustment .....                   | -   |       | 4,017   |       | 4,017   |       |
| 9. Loss from advance payment for products.....                      | 2,034   |       | -   |       | -   |       |
| 10. Miscellaneous losses.....                                       | 168   |       | -   |       | 5,830   |       |
| Ordinary profit.....  | 1,067,339   | 5.8   | 707,406   | 5.8   | 2,119,194   | 6.9   |
| <b>VI. Special income</b>   | 27,000  | 0.1   | -   | -     | 57,471  | 0.2   |
| 1. Gain from sale of investment securities.....                     | 27,000  |       | -   |       | 57,471  |       |
| <b>VII. Special loss</b>  | 50,000  | 0.2   | -   | -     | -   | -     |
| 1. Litigation settlement payment .....                              | 50,000  |       | -   |       | -   |       |
| Income before income taxes and others .....                         | 1,044,339   | 5.7   | 707,406   | 5.8   | 2,176,666   | 7.1   |
| Corporate income taxes, inhabitant taxes and enterprise taxes ..... | 494,734   | 2.7   | 221,625   | 1.8   | 728,224   | 2.4   |
| Interperiod tax allocation adjustment                               | 17,637  | 0.1   | 111,688   | 0.9   | 126,745   | 0.4   |
| Profit for the period .....   | 531,967   | 2.9   | 374,092   | 3.1   | 1,321,696   | 4.3   |

### 3. Consolidated Statements of Changes of Shareholders' Equity, Etc. and Consolidated Surplus Statements

Consolidated Statement of Changes in Shareholders' Equity, Etc.

For the interim financial period of the year ending March 31, 2007 (from April 1, 2006 through September 30, 2006)

(thousand yen)

|  | Shareholders' equity |                            |                   |                |                            | Revaluation and exchange differences, etc. | Total net assets |
|--|----------------------|----------------------------|-------------------|----------------|----------------------------|--|------------------|
|  | Capital              | Additional paid-in capital | Retained earnings | Treasury stock | Total shareholders' equity |  |                  |
| Balance as of March 31, 2006   | 4,840,313            | 6,181,300                  | 7,441,028         | (1,917,871)    | 16,544,770                 | 289,160                                    | 16,833,931       |
| Changes during the period  |                      |                            |                   |                |                            |  |                  |
| Distribution of surplus*   |                      |                            | (396,083)         |                | (396,083)                  |  | (396,083)        |
| Officers' bonuses*   |                      |                            | (59,500)          |                | (59,500)                   |  | (59,500)         |
| Net profit for the period  |                      |                            | 531,967           |                | 531,967                    |  | 531,967          |
| Acquisition of treasury stock  |                      |                            |                   | (64)           | (64)                       |  | (64)             |
| Disposition of treasury stock  |                      |                            | (2,957)           | 13,930         | 10,973                     |  | 10,973           |
| Changes in items other than shareholders' equity during the period – net |                      |                            |                   |                |                            | (93,245)                                   | (93,245)         |
| Total changes during the period  | -                    | -                          | 73,426            | 13,866         | 87,292                     | (93,245)                                   | (5,953)          |
| Balance as of September 30, 2006   | 4,840,313            | 6,181,300                  | 7,514,455         | (1,904,005)    | 16,632,063                 | 195,914                                    | 16,827,978       |

\* Item for the appropriation of retained earnings at the Ordinary General Meeting of Shareholders of the Company held in June 2006

#### Consolidated Surplus Statements

| Items  | Interim financial period ended September 30, 2005<br>(from April 1, 2005 to September 30, 2005) |           | Financial period ended March 31, 2006<br>(from April 1, 2005 to March 31, 2006) |           |
|--|---|-----------|---|-----------|
|  | Amount<br>(thousands of yen)  |           | Amount<br>(thousands of yen)  |           |
| (Additional paid-in capital)                       |   |           |   |           |
| I. Beginning balance of additional paid-in capital |   | 6,181,300 |   | 6,181,300 |
| II. Ending balance of additional paid-in capital   |   | 6,181,300 |   | 6,181,300 |
| (Retained earnings)                                |   |           |   |           |
| I. Beginning balance of retained earnings          |   | 6,543,168 |   | 6,543,168 |
| II. Increase in retained earnings                  |   |           |   |           |
| 1. Profit for the period.....                      | 374,092   | 374,092   | 1,321,696   | 1,321,696 |
| III. Decrease in retained earnings                 |   |           |   |           |
| 1. Cash dividends .....                            | 378,835   |           | 378,835   |           |
| 2. Officers' bonuses .....                         | 45,000  | 423,835   | 45,000  | 423,835   |
| IV. Ending balance of retained earnings            |   | 6,493,425 |   | 7,441,028 |



#### 4. Consolidated Statements of Cash Flows

(thousands of yen)

|  | Interim financial<br>period ended<br>September 30,<br>2006<br>(from April 1, 2006 to<br>September 30, 2006) | Interim financial<br>period ended<br>September 30,<br>2005<br>(from April 1, 2005 to<br>September 30, 2005) | Financial period<br>ended March 31,<br>2006<br>(from April 1, 2005 to<br>March 31, 2006) |
|--|---|---|--|
| <b>I. Cash flows from operating activities</b>                     |   |   |  |
| Income before income taxes and others .....                        | 1,044,339   | 707,406   | 2,176,666  |
| Depreciation .....   | 86,450  | 74,348  | 155,790  |
| Amortization of long-term prepaid expenses .....                   | 31,663  | 34,979  | 75,203   |
| Loss on disposition of fixed assets .....                          | -   | 1,217   | 1,217  |
| Increase (decrease) in allowance for doubtful<br>receivables ..... | (1,340)   | (970)   | 406  |
| Increase (decrease) in allowance for bonuses .....                 | 21,862  | (1,214)   | 4,239  |
| Increase in allowance for officers' bonuses .....                  | 32,502  | -   | -  |
| Interest and dividend income .....                                 | (2,477)   | (1,732)   | (4,305)  |
| Loss from investments in partnership .....                         | 5,051   | 7,601   | 9,536  |
| Exchange (gain) loss .....   | 676   | (6,154)   | -  |
| Interest expense .....   | 6,707   | 32  | 6,053  |
| Income from sale of investment securities .....                    | (27,000)  | -   | (57,471)   |
| Litigation settlement payment .....                                | 50,000  | -   | -  |
| Gain from forgiveness of debts .....                               | -   | (8,763)   | (9,015)  |
| Loss on cancellation of lease agreements .....                     | -   | 4,500   | 4,500  |
| Increase in trade accounts receivable .....                        | (747,159)   | (381,243)   | (4,328,494)  |
| (Increase) decrease in inventories .....                           | (1,919,796)   | 44,361  | (341,865)  |
| Increase in trade accounts payable .....                           | 3,044,466   | 1,069,121   | 801,959  |
| Officers' bonuses paid .....                                       | (59,500)  | (45,000)  | (45,000)   |
| (Increase) decrease in other current assets .....                  | (30,373)  | 101,366   | 96,885   |
| Increase (decrease) in other current liabilities .....             | 103,769   | (179,611)   | (190,721)  |
| Others .....   | (1,014)   | (15,560)  | (11,507)   |
| Subtotal   | 1,638,828   | 1,404,688   | (1,655,923)  |
| Interest and dividend income .....                                 | 2,477   | 1,724   | 4,305  |
| Interest paid .....  | (6,296)   | (1,594)   | (6,399)  |
| Corporate income taxes paid .....                                  | (749,600)   | (1,594,929)   | (1,813,839)  |
| Corporate income taxes refunded .....                              | 249,110   | -   | -  |
| Net cash provided by (used in) operating activities .....          | 1,134,520   | (190,111)   | (3,471,856)  |

|   | Interim financial<br>period ended<br>September 30,<br>2006<br><small>(from April 1, 2006 to<br/>September 30, 2006)</small> | Interim financial<br>period ended<br>September 30,<br>2005<br><small>(from April 1, 2005 to<br/>September 30, 2005)</small> | Financial period<br>ended March 31,<br>2006<br><small>(from April 1, 2005 to<br/>March 31, 2006)</small> |
|---|---|---|--|
| <b>II. Cash flows from investing activities</b>                         |   |   |  |
| Placement of time deposit .....   | -   | (100,000)   | (100,000)  |
| Withdrawal of time deposit .....  | -   | 100,000   | 200,000  |
| Purchase of tangible fixed assets .....                                 | (21,883)  | (25,778)  | (55,173)   |
| Purchase of intangible fixed assets .....                               | (105,395)   | (22,558)  | (84,330)   |
| Purchase of investment securities .....                                 | -   | (2,078,758)   | (2,266,414)  |
| Sale of investment securities .....                                     | 31,656  | 5,424   | 84,252   |
| Payment for long-term prepaid expenses .....                            | (207,960)   | (34,397)  | (68,994)   |
| Purchase of beneficial interests in trust.....                          | -   | (300,000)   | (300,000)  |
| Redemption of beneficial interests in trust.....                        | -   | 500,000   | 500,000  |
| Payment of guarantee.....   | (135)   | (200)   | (6,612)  |
| Refund of guarantee.....  | 789   | 1,141   | 1,856  |
| Loans .....   | -   | (20,000)  | (20,000)   |
| Refund premiums .....   | 353   | 100,000   | 100,000  |
| Others .....  | -   | 454   | 454  |
| Net cash provided by (used in) investing activities .....               | (302,576)   | (1,874,672)   | (2,014,961)  |
| <b>III. Cash flows from financing activities</b>                        |   |   |  |
| Net increase in short-term debt.....                                    | 19,999  | 3,001,039   | 3,001,146  |
| Net (increase) decrease in treasury stock .....                         | 10,909  | (614,246)   | (614,750)  |
| Cash dividends paid.....  | (392,820)   | (376,584)   | (377,350)  |
| Net cash provided by (used in) financing activities .....               | (361,911)   | 2,010,208   | 2,009,045  |
| <b>IV. Translation gain (loss) related to cash and cash equivalents</b> | (12,693)  | 68,021  | 140,278  |
| <b>V. Net increase (decrease) in cash and cash equivalents</b>          | 457,338   | 13,445  | (3,337,494)  |
| <b>VI. Cash and cash equivalents at the beginning of the period</b>     | 4,677,766   | 8,015,260   | 8,015,260  |
| <b>VII. Cash and cash equivalents at the end of the period</b>          | 5,135,105   | 8,028,705   | 4,677,766  |